

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-04 INR-07 L-03 ACDA-07  
NSAE-00 PA-01 SS-15 PRS-01 SP-02 USIA-06 TRSE-00  
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R 021721Z MAR 77  
FM USMISSION NATO  
TO SECSTATE WASHDC 1955  
SECDEF WASHDC  
INFO ALL NATO CAPITALS 6861  
AMEMBASSY MOSCOW  
USNMR SHAPE  
HQ DA WASHDC  
HQ DARCOM ALEXANDRIA VA  
PM PATRIOT MIL SYS USADARCOM REDSTONE ARSENAL AL

CONFIDENTIAL SECTION 1 OF 2 USNATO 1132

EO11652 GDS  
TAGS MPOL NATO MILI  
SUBJECT PATRIOT FOR NIKE: THE NEED TO EXPAND THE NATO DIALOGUE

SUMMARY: ALTHOUGH NECESSARY AND USEFUL STEPS ARE NOW BEING TAKEN OR ABOUT TO BE TAKEN WITHIN NATO TO DETERMINE HOW TO REPLACE AGING NIKE AND OTHER AIR DEFENSE SYSTEMS, WE BELIEVE THAT WE MUST SOON INITIATE DISCUSSIONS AT HIGH POLICY LEVELS WITHIN THE ALLIANCE IF WE ARE TO AVOID FUTURE MISUNDERSTANDING AND RESENTMENT SUCH AS THOSE THAT HAVE PLAGUED NATO AEW. THE US PATRIOT SYSTEM, THE ONLY SYSTEM UNDER DEVELOPMENT TO REPLACE NIKE, IS SUFICIENTLY EXPENSIVE AND TECHNOLOGICALLY ADVANCE TO MAKE IT ADVISABLE THAT ALLIED LEADERS BEGIN TO FOCUS NOW ON THE BEST WAY TO PRODUCE IT, AND ON THE POLITICAL IMPLICATIONS OF ITS ADOPTION. WE SUGGEST INITIAL STEPS TO MOVE EXAMINATION TO THIS POLICY LEVEL.  
END SUMMARY.

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1. SEVERAL STEPS HAVE BEEN OR ARE BEING TAKEN SO THAT THE ALLIES WILL BE LIKELY TO EXAMINE THE PATRIOT SURFACE-TO-AIR (SAM) SYSTEM THOROUGHLY AND IN TIMELY FASHION AS A CANDIDATE REPLACEMENT FOR EXISTING SAM SYSTEMS:

--WE WXPECT THE NATO TRI-SERVICE GROUP ON AIR DEFENSE (TSGAD) TO VALIDATE THE REQUIREMENT TO REPLACE 100 NIKE AND 10 BLOOD HOUND/THUNDERBIRD FIRE UNITS BY 1985. PATRIOT, OR A PATRIOT DERIVATIVE, OFFERS THE ONLY SYSTEM

IN ACTUAL DEVELOPMENT WHICH IS A CANDIDATE FOR THIS  
REPLACEMENT.

--WE ALSO ANTICIPATE THAT NATO MILITARY AUTHORITIES  
WILL ASSIGN PRIORITY I TO NIKE REPLACEMENT IN FORTH-  
COMING FORCE PROPOSALS, THEREBY INCREASING THE LIKELI-  
HOOD THAT NATIONS WILL PROGRAM FUNDS FOR THIS PURPOSE.

--THE TSGAD WILL ALSO CALL FOR SEPARATE STUDY GROUPS  
TO EXAMINE: A) PATRIOT, OR A PATRIOT DERIVATIVE, AS A  
REPLACEMENT FOR BOTH NIKE AND IMPROVED HAWK; AND B) A  
REPLACEMENT ONLY FOR IMPROVED HAWK, BASED ON ANGLO-FRENCH  
PROPOSALS TO DEVELOP A NEW SYSTEM. THESE STUDY GROUPS  
WILL, WE BELIEVE, PROVIDE A USEFUL OPPORTUNITY FOR ALL  
ALLIES TO FAMILIARIZE THEMSELVES WITH COMPETING TECHNICAL  
AND TACTICAL CONCEPTS AND ASSOCIATED COSTS. THIS IS  
CRUCIALLY IMPORTANT, WE BELIEVE, SINCE THE CREATION OF  
EFFECTIVE AIR DEFENSE REQUIRES THE PARTICIPATION OF  
MANY ALLIES WHO MUST AGREE ON COMMON SYSTEMS. ADDI-  
TIONALLY, THE STUDY GROUPS WILL DEVELOP DRAFT MEMORANDA  
OF UNDERSTANDING ON COLLABORATIVE PROGRAMS, DISCUSSED  
MORE FULLY BELOW.

--ASYG(DEFENCE SUPPORT) LABERGE HAS ASKED SHAPE TO  
PROVIDE NATO A "NEED DOCUMENT" ON THE NIKE REPLACEMENT--  
A STATEMENT OF THE FUNCTIONS THAT THE REPLACEMENT SYSTEM  
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SHOULD BE ABLE TO PERFORM--AND SHAPE HAS AGREED TO  
DO SO. THIS SHOULD PERMIT US TO AVOID COMPLAINTS ALONG  
THE LINE USED AGAINST AWACS THAT IT IS A SYSTEM IN  
SEARCH OF A MISSION RATHER THAN A RESPONSE TO A  
STATED NEED.

2. BUT WHILE THESE RECENT AND ANTICIPATED STEPS ARE  
BOTH NECESSARY AND USEFUL, WE DO NOT BELIEVE THEY ARE  
ADEQUATE. THE COST, COMPLEXITY, POLICY IMPLICATIONS  
AND PROVISIONING OF EVEN THE NIKE REPLACEMENT, LET  
ALONE THE REPLACEMENT OF IMPROVED HAWK, ARE OF SUCH  
MAGNITUDE THAT THEY CANNOT BE DECIDED UPON IN TECHNICAL  
BODIES SUCH AS THOSE NOW AT WORK OR SOON TO BE AT WORK.  
WE MUST, WE BELIEVE, INVOLVE HIGH POLICY OFFICIALS SOON  
IN THE PARTICULARS OF PATRIOT OR RISK ADVERSE  
REACTIONS WHEN, AT THEIR OWN PACE, THESE HIGH OFFICIALS  
BECOME AWARE OF THE MAJOR ECONOMIC AND POLICY  
DIMENSIONS OF THIS PROGRAM.

3. COST. THE US VERSION OF PATRIOT IS EXPECTED TO COST  
\$20.4 MILLION PER FIRE UNIT, NOT INCLUDING ANY R&D  
RECOUPMENT. COLLABORATIVE PRODUCTION WILL INCREASE THE  
COST OF EUROPEAN EQUIPMENT. THUS THE REPLACEMENT  
OF NIKE WILL COST ALL ALLIES SOMETHING ON THE ORDER OF

\$2.5 BILLION--AND PERHAPS MORE. SECURITY AGREEMENT ON COSTS OF THIS MAGNITUDE CANNOT BE ACHIEVED BY A BUSINESS-AS-USUAL APPROACH, PARTICULARLY SINCE ALL MUST AGREE IF THE SYSTEM IS TO BE DEPLOYED EFFECTIVELY.

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4. POLITICAL IMPLICATIONS. ALTHOUGH THE TSGAD DRAFT REPORT TO THE CONFERENCE OF NATIONAL ARMAMENT DIRECTORS (CNAD) ON FUTURE MEDIUM SAM STATES THAT IT IS QUOTE DESIRABLE THAT THE HIGH PROBABILITY OF KILL REQUIRED OF FUTURE SAM BE ATTAINED BY THE USE OF CONVENTIONAL WARHEADS END QUOTE, THE REPLACEMENT OF NUCLEAR-CAPABLE NIKE BY CONVENTIONAL PATRIOT IS, TO OUR EUROPEAN ALLIES, A POLITICAL ISSUE OF THE HIGHEST ORDER. AS WASHINGTON IS WELL AWARE, THESE ALLIES--AND THE FRG, IN PARTICULAR--HAVE PERSISTENTLY OPPOSED US PROPOSALS TO REDUCE THE NUMBER OF NUCLEAR-ARMED NIKE BATTERIES DEPLOYED IN EUROPE. IF WE ARE TO AVOID THE SUSPICION THAT THE US IS ATTEMPTING TO ACHIEVE AN OBJECTIVE UNDER THE GUISE OF REPLACEMENT THAT IT HAS BEEN UNABLE TO PERSUADE ALLIES TO SUPPORT ON ITS MERITS, WE BELIEVE WE MUST ADDRESS THE ISSUE AT APPROPRIATE POLICY LEVELS, NOT ONLY IN TECHNICAL WORKING BODIES.

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5. PRODUCTION. WE ANTICIPATE THAT EUROPEAN ALLIES WILL WISH TO PRODUCE THEIR OWN PATRIOT OR PATRIOT DERIVATIVE, FOLLOWING THE PATTERN USED IN LICENSING ROLAND FOR FULL PRODUCTION IN THE US RATHER THAN THE METHOD USED, FOR

EXAMPLE, IN GENERATING CO-PRODUCTION FOR THE F-16. FROM OUR PERSPECTIVE, THE US WOULD BE ILL-ADVISED TO APPROACH PATRIOT FOR EUROPEAN ALLIES ALONG THE LINES OF THE F-16 SALE. QUITE APART FROM THE PROBABLE UNACCEPTABILITY TO ALLIES OF THIS APPRAOCH, WE BELIEVE THAT THE FIXED PRICE REQUIRED IN A FOREIGN MILITARY SALE MAY BE FUNDAMENTALLY INCOMPATIBLE WITH THE REALITIES OF PRICE AND QUALITY INHERENT IN CO-PRODUCTION AT HIGH PERCENTAGE LEVELS BY CONTRACTORS OF MANY NATIONS. ATTEMPTING TO MAINTAIN QUALITY WITHIN FIXED COST CEILINGS UNDER THESE CONDITIONS COULD PRODUCE THE ARMS MESS OF THE CENTRY. WE BELIEVE IT WOULD BE MUCH MORE SENSIBLE TO HELP THE ALLIES TO PRODUCE THEIR OWN SYSTEM. CRITICS MAY OBSERVE THAT FULL PRODUCTION BY ALLIESMIGHT LEAD TO COST GROWTH ALONG THE LINES EXPERIENCED BY THE MRCA. WE AGREE. BUT WE BELIEVE THAT EUROPEAN ALLIES SHOULD, IN THIS CASE, MANAGE THEIR OWN PROBLEMS, AS THEY WILL WISH TO DO--AND AS THEY ARE DOING TODAY WITH THE MRCA. THE ALTERNATIVE, A US EFFORT TO MANAGE FOR THE ALLIES, WOULD PROBABLY REAP ONLY RESENTMENT AND INSURMOUNTABLE COST/QUALITY PROBLEMS AS ITS REWARD.

6. WE SUGGEST THE FOLLOWING NEXT STEPS IN ORDER TO BEGIN THE POLICY LEVEL INVOLVEMENT WHICH IS NECESSARY TO THE SUCCESS OF PATRIOT ADOPTION:

--WASHINGTON SHOULD DECIDE IF WE ARE WILLING TO HELP ALLIES TO PRODUCE PATRIOT. IF WE ARE, WE SHOULD APPRISE ALLIES AT APPROPRIATE LEVELS EARLY IN OUR DISCUSSIONS ON PATRIOT AND ENCOURAGE AND ASSIST THEM TO PLAN FOR PRODUCTION. IF WE ARE NOT, WE SHOULD MARSHAL OUR CO-PRODUCTION PROPOSALS AS FULLY AS POSSIBLE IN CONFIDENTIAL

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ORDER TO BE IN THE BEST POSITION TO PERSUADE ALLIES OF THE REASONABLENESS OF THESE PROPOSALS.

--WE SHOULD CONDUCT AN INITIAL, EXPLORATORY SESSION WITH PERMREPS SOME TIME PRIOR TO THE MAY DPC MINISTERIAL MEETING IN ORDER TO LAY THE FOUNDATION FOR FURTHER DISCUSSION BY MINISTERS. ONE WAY TO ACCOMPLISH THIS, WE BELIEVE, WOULD BE FOR DR. LABERGE, ASYG(DEFENCE SUPPORT), TO BRIEF PERMREPS ON ON-GOING WORK AND ISSUES. WE HAVE APPROACHED HIM INFORMALLY AND DETERMINED THAT HE IS WILLING IF WE WISH HIM TO DO SO.

--FOLLOWING WASHINGTON DECISION ON MAJOR ASPECTS OF THE US-PREFERRED APPRAOCH TO EUROPEAN PATRIOT-- PARTICULARLY ON THE QUESTION OF HOW IT SHOULD BE PRODUCED--WE SHOULD FAMILIARIZE ALL INTERESTED EMBASSIES AND MISSIONS WITH THE DETAILS OF THESE DECISIONS AND WITH SUPPORTING RATIONALE.

STRAUSZ-HUPE

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<< END OF DOCUMENT >>

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